

Cornell University  
ILR School

Cornell University ILR School  
**DigitalCommons@ILR**

---

Federal Publications

Key Workplace Documents

---

1-1999

## Auto Dealers are Fewer, Bigger, and Employ More Workers

Bureau of Labor Statistics

Follow this and additional works at: [https://digitalcommons.ilr.cornell.edu/key\\_workplace](https://digitalcommons.ilr.cornell.edu/key_workplace)

Thank you for downloading an article from DigitalCommons@ILR.

**Support this valuable resource today!**

---

This Article is brought to you for free and open access by the Key Workplace Documents at DigitalCommons@ILR. It has been accepted for inclusion in Federal Publications by an authorized administrator of DigitalCommons@ILR. For more information, please contact [catherwood-dig@cornell.edu](mailto:catherwood-dig@cornell.edu).

If you have a disability and are having trouble accessing information on this website or need materials in an alternate format, contact [web-accessibility@cornell.edu](mailto:web-accessibility@cornell.edu) for assistance.

---

## Auto Dealers are Fewer, Bigger, and Employ More Workers

### Abstract

#### [Excerpt]

New and used car dealerships are a fiercely competitive, cyclically sensitive segment of retail trade, but they show diverging trends in their number and in employment. From 32,000 in 1972, the number of automotive dealerships dropped to about 26,000 in 1996. In contrast, employment has grown from below 800,000 to over 1 million in the same period. As a result, the average dealership today is bigger, has more employees, and sells more cars. And as employment has increased, the occupational mix has changed, too.

### Keywords

auto dealer, retail, employment, trends

### Comments

#### Suggested Citation

Bureau of Labor Statistics. (1999). Auto dealers are fewer, bigger, and employ more workers. *Issues in Labor Statistics* (Summary 99-1). Washington, DC: Author.

# Issues



## in Labor Statistics

U.S. Department of Labor  
Bureau of Labor Statistics

### Auto Dealers are Fewer, Bigger, and Employ More Workers

New and used car dealerships are a fiercely competitive, cyclically sensitive segment of retail trade, but they show diverging trends in their number and in employment. From 32,000 in 1972, the number of automotive dealerships dropped to about 26,000 in 1996. In contrast, employment has grown from below 800,000 to over 1 million in the same period. As a result, the average dealership today is bigger, has more employees, and sells more cars. And as employment has increased, the occupational mix has changed, too.

#### Declining number of auto dealers

The number of new-car dealerships peaked at 51,000 in 1950. By 1996, this number had been cut in half. Not only is the number of dealerships in long-term decline, but it is also highly cyclical. The number of dealerships tends to fall sharply during recessions, much like employment in the industry and nationally. The greatest losses occurred during the recessions of 1973-75 and 1980-82; during the expansion of the 1980s, on the other hand, their number increased slightly, only to fall again with the onset of the 1990s downturn. But with their declining numbers has also come consolidation. For example, in 1996, more dealers sold at least 750 cars a year than those selling fewer than 150 cars a year (see tabulation). Twenty years earlier, there were almost four times as many very small dealers as very large ones.

Number of vehicles sold	Establishments	
	1976	1996
0-149 .....	13,200	4,664
150-399 .....	9,000	7,053
400-749 .....	3,650	5,233
750 plus .....	3,450	5,801

Two related factors have driven this change in the auto retailing industry: the rising popularity of new-car leasing and the appearance of the high-volume auto "superstore." New car leases usually run 2 or 3 years, after which the vehicles become part of a large pool of used cars for sale, providing the stock for auto "superstores." Competing with the volume selling strategy of the superstores has been one of the primary factors behind the consolidation of traditional dealerships. And the trend is likely to continue as more and more high-quality, low-mileage, previously-leased late model autos move into the used car market via the superstore, fueling the increase in used-car sales.

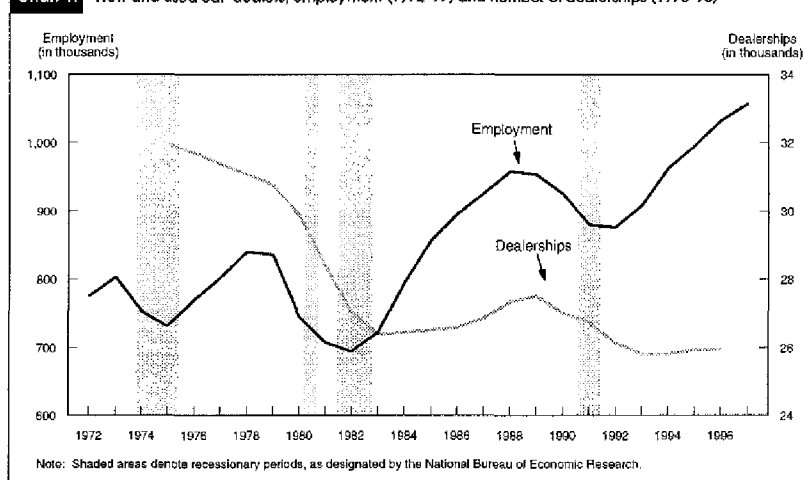
#### Employment changes

In December 1997, new- and used-car dealers employed 1,056,000 workers, an increase of 34 percent over 1972. Although the increase may seem large, it pales when compared with the overall increase in the private sector (69 percent) and in all retail trade (90 percent). New- and used-car dealers accounted for just 5 percent of retail employment in 1997, down from 7 percent in 1972.

Like dealerships, employment is highly responsive to business cycles. (See chart.) Over the 1972-84 period, when there were three recessions, the rate of employment growth was slow (0.3 percent a year), with a net increase in jobs of only 33,000. Since 1984, however, employment has grown more rapidly, especially following the 1990-91 recession as noted in the tabulation.

Period	Growth	
	Percent	Number
1972-84 .....	0.3	33,000
1984-92 .....	.8	64,000
1992-97 .....	3.0	168,000

Chart 1. New and used car dealers, employment (1972-97) and number of dealerships (1975-96)



The occupational mix in automobile dealerships has changed in two significant occupations. The number of *technicians* has declined from 29 percent of auto dealership employment in 1980 to 24 percent in 1996. According to industry sources, this is partly due to the declines in the number of customer repair orders as vehicle quality has improved. In addition, competition from independent auto repair shops is on the rise and dealers continue to exit the body-shop business because of the high cost of the required equipment. In addition, new car warranty services are being provided by an increasing number of non-auto dealer repair shops. At the same time, the share of *supervisors and other workers* has grown from 23 percent of total employment to 27 percent.

Two other significant occupations found in auto dealerships—*salespersons* and *service and parts workers*—have shown virtually no change from 1980 to 1996. Salespersons accounted for 21 percent of employment in 1996 and 20 percent in 1980; service and parts workers were 28 percent in both years.

### Rising used car sales

The demand for quality used vehicles is on the rise, fueling in part the rise in used car prices. For example, sales even at new-car dealerships are increasingly likely to be used cars. New-car dealers sold 11.9 million used vehicles in 1996, a 40-percent increase over the level recorded in 1985. The superstore, a new phenomenon, undoubtedly is beginning to have a substantial impact on used car sales as well. In contrast, over the same period, sales of new cars dropped 2 percent, totaling 15.1 million in 1996. At the same time, the prices of used cars have been growing faster than new-car prices, but the average retail price of a used car is still only a little more than half that of a new one. Data from the National Automobile Dealers Association indicates, in the following tabulation, that the price differential between new and used cars is substantial, easily reaching into the thousands of dollars, and growing slowly.

	1986	1996
Used auto .....	\$5,978	\$11,500
New auto .....	12,950	21,750
Ratio .....	0.46	0.53

Material in this report is in the public domain and may, with appropriate credit, be reproduced without permission. This information is available to sensory impaired individuals upon request. Voice phone: (202) 606-7828; Federal Relay Service: 1-800-877-8339.

The employment data in this release are a product of the Current Employment Statistics program of the Bureau of Labor Statistics. Additional information is available from "Auto Retailing: Changing Trends in Jobs and Business," *Monthly Labor Review*, pp. 19-22, October 1998. Contact Keith G. Keel at the Bureau of Labor Statistics, e-mail: [Keel\\_k@bls.gov](mailto:Keel_k@bls.gov).

U.S. DEPARTMENT OF LABOR  
Bureau of Labor Statistics  
Postal Square Building, Rm. 2850  
2 Massachusetts Ave., NE  
Washington, DC 20212-0001

---

Official Business  
Penalty for Private use, \$300  
Address Service Requested

<p>FIRST CLASS MAIL Postage and Fees Paid U.S. Department of Labor Permit No. G-738</p>
---